

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

**Department of the Treasury**

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**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

**LEGEND**

**UIL:** 4945.04 - 04

R = High School

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated November 4, 2009.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code in our letter dated June 1966. You were previously classified as a supporting organization until recently when you requested classification as a private foundation effective January 1, 2008. As such, we determined you were classified as a private foundation as defined in section 509(a).

Your letter dated November 4, 2009 indicates that you will provide scholarships. You have provided scholarships for the last 40 years of your operations. Due to Section 1241(c) of the Pension Protection Act of 2006, you recently converted to a private foundation and requested an advance approval for your grant-making program.

Your purpose is to award scholarships to high school students attending R. These grants provide additional funding to help students with tuition related costs at a post-secondary school. Scholarships are advertised to all available students eligible to apply at R.

The criteria to determine eligibility for the scholarships are:

- The applicant must attend R
- The individual must be enrolled at a post-secondary school to receive an award.

Recipients are selected based on the eligibility criteria listed above. In their scholarship request, the applicant must detail their financial need, S.A.T. scores, community service activities, GPA and class rank.

Annual scholarships will be awarded based on the applicant's academic standing and financial need.

Potential recipients must submit a scholarship application form and provide supporting documentation to be considered for a grant. A scholarship selection committee will first

review applications to determine whether the applicant meets the grant criteria and make decisions for awarding scholarships. As part of the program, relatives of members of the selection committee will abstain from voting on related party scholarship applications.

Two annual scholarships will be awarded primarily based on merit with a secondary focus on financial need. Criteria will be weighted 55% and 45% for academic and financial need, respectively.

The grant recipient must meet the following requirements in the first year of the grant in order to receive funding from you.

- Applicant must maintain a cumulative grade point average of at least 2.00 on a scale of 2.00 up to 4.00.

In order to seek renewal of the grant, the recipient must meet the following requirements in order to continue receiving funding from you.

- Applicant must maintain a cumulative grade point average of at least 2.00 on a scale of 2.00 up to 4.00.

You maintain record case histories of all grants and the payments from you are made directly to the school in which the recipient is enrolled. As part of the program, the student is required each semester to submit to you proof of enrollment and academic transcripts. In the event that the recipient is not in good academic standing, the student will lose the scholarship.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117(a) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. **This determination only covers the grant programs described above.** Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner  
Director, Exempt Organizations

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